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SUBJECT: BORDER ISSUES FIGURE PROMINENTLY IN REGIONAL SUMMIT

¶1. Summary: The flow of people and goods across the U.S.-Canada border became the primary topic of discussion at the annual Pacific Northwest Economic Region (PNWER) summit, July 20-24. Several keynote speakers, including U.S. Ambassador Wilkins, BC Premier Campbell, and Canadian Public Safety Minister Day, and numerous roundtables and seminars, looked at ways to improve border processing, particularly in regards to the upcoming 2010 Olympic Winter Games in Vancouver. U.S. initiatives were well-received while local British Columbia officials publicly criticized the Canadian Border Services Administration (CBSA) for not taking enough action. The summit also highlighted regional concerns and actions on energy, environment and climate change, and the Asia-Pacific Gateway. End Summary.

#### Border Restricting Trade and Travel

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¶2. Vancouver played host to the 18th Annual PNWER Summit, bringing together over 800 state/provincial officials, NGOs and business leaders from BC, Alberta, Yukon, Saskatchewan, Washington, Oregon, Alaska, Idaho and Montana. Sessions and speakers focused on a wide range of topics affecting the region but the most prominent issue was border management. BC, as host of the summit and host of the 2010 Winter Olympics, steered the summit with numerous keynotes and individual sessions looking at what was repeatedly described as a "thickening border," a trend blamed for decreased tourism and substantially increased customs clearance time for commercial traffic, all leading to lost revenue. Officials from US Customs and Border Protection (CBP) and Department of Homeland Security (DHS) anchored the first of six border sessions, providing detailed descriptions of USG actions to implement WHTI-compliant identification programs using radio frequency identification (RFID) technology to expedite transit through border crossings. The CBP/DHS initiatives received positive feedback from participants from both sides of the border but many are reserving judgment on the RFID programs until they are more fully implemented and data collected on their effectiveness.

¶3. The 2010 Winter Olympics took center stage in many of the border sessions. CBSA incurred some very negative press when its representative, in response to a request for comment on how it will handle Olympics traffic, noted that they didn't expect Olympics traffic to exceed what is experienced in a regular August peak season (probably an accurate assessment) but failed to provide concrete examples of what CBSA is doing to prepare for the rush (peak season now can lead to hours-long waits). BC provincial officials were unimpressed and did not hide their concern in statements to media. Premier Gordon Campbell, in his keynote on July 21, described his experience at the 2004 Athens Olympics Opening Ceremony, where he waited 3 and half hours for transportation at the end of the event. He emphasized that he did not want anyone to remember the 2010 Olympics because of the wait at the border. Canadian Public Safety Minister Stockwell Day in his keynote on July 22, directly addressed the issue, explicitly promising that there would be no long, multi-hour lineups at the border during the Olympics. He pointed to additional lanes (already under construction at Peace Arch) and staffing as just two measures being taken to handle the load. Despite his reassurances, local officials remain skeptical and are looking for more concrete steps from Ottawa and Washington to improve border processing.

14. PNWER, with BC and Washington State delegations in the lead, is mounting a full campaign for better border management. During the summit PNWER released a Border Charter, outlining its priorities and proposals for making the border work more efficiently. The charter closely mirrors and endorses the report issued jointly by the Canadian and U.S. Chambers of Commerce in February 2008 with an additional emphasis on the 2010 Olympics. The charter also establishes a Border Solutions Coordination Council within PNWER to monitor developments on the border and produce a yearly border report card using the proposals in the charter as measures. Among the many PNWER proposals are:

- a. assurance that the U.S. will have 10 lanes for processing at Peace Arch during the Olympics;
- b. customer service workshops for customs and border agents for dealing with increased Olympics traffic;
- c. pre-clearance program for buses and special lanes for Olympics traffic;
- d. special lanes for U.S. and Canadian citizens;
- e. baggage by-pass for air passengers to eliminate duplicative screening;
- f. more pre-clearance and processing prior to physical arrival at the border;
- g. customs pre-clearance for Amtrak service between Seattle and Vancouver;
- h. increased use of truck pre-clearance and electronic seals.
- i. improved procedures for frequent business travelers;
- j. expansion of trusted traveler and enhanced driver's license (EDL) programs;
- k. approval of EDLs and Passport Cards for use as air travel documents between Canada and the US.

#### Sharing Ideas on Energy, Environment and Asia-Pacific

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15. PNWER also released a report it commissioned from the Idaho National Laboratory looking at electrical transmission in the Pacific Northwest. The report stated the region could lose \$55 to \$85 billion dollars and 60,000 jobs annually if actions are not taken to fix the region's aging electrical transmission system. The report noted that the system is so constrained member utilities are having to turn down new industrial customers for lack of capacity. BC is highlighted as a major new source of sustainable power. The report also describes 5 major upgrade projects considered critical to the region, including California-based Pacific Gas and Electric's proposed \$4 billion transmission upgrade set to carry 30,000 gigawatts of BC power south to the U.S. In addition to electricity, sessions looked at other energy sources, with an emphasis on clean energy and technologies being used in the oil and gas industry to address climate change.

16. The conference overlaid Asia-Pacific Gateway throughout, with sessions on the Gateway as a border management issue, the Gateway and environment, and the Gateway as an opportunity for cross-border cooperation in global competitiveness. During the summit representatives from the new Prince Rupert port announced they are moving forward on phase two expansion which will include a potash component that will "rival that of the Port of Portland." Prince Rupert was initially billed as a port that would take overflow from other oversubscribed west coast ports, but discussions at PNWER indicate that the small facility, which claims to cut off 3 shipping days from Asia, is beginning to nibble at the business of its bigger, more southerly rivals.

17. Comment: PNWER has grown from a small, localized organization to a regional powerhouse with substantial public and private participation. The organization hopes to build on this growing membership and past successes, such as the introduction of NEXUS and enhanced driver's licenses, to push forward an expansive border agenda. However, a bigger agenda requires a broader base of support, and with border issues primarily focused on the Washington State-BC border, it's not clear PNWER is going to get the support it needs from the other members (and the two federal governments) to really make a radical change in border

management. In other areas, such as energy and climate change, PNWER shows much more unified support and will present a powerful lobby on issues it chooses to pursue in Ottawa and DC.  
End Comment.

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